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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 003188

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TAGS: [PGOV](#) [PREL](#) [BK](#)

SUBJECT: BOSNIA: PIC POLITICAL DIRECTORS STRESS POLICE AND  
CONSTITUTIONAL REFORM AS WELL AS ICTY COOPERATION

REF: A. SARAJEVO 2752

[1](#)B. SARAJEVO 1464

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Classified By: AMBASSADOR DOUGLAS MCELHANEY FOR REASONS 1.4 (B) AND (D)

[1](#)1. (C) Summary: During its December 6-7 meeting in Brussels, the Political Directors of the Peace Implementation Council (PIC) Steering Board emphasized the need for Bosnian leaders to achieve concrete progress on a wide reform agenda including constitutional, and police reform. EUR DAS Rosemary DiCarlo highlighted the need to fully implement defense reform and urged PIC political directors to continue pressuring Bosnian leaders to make progress in that area. PIC political directors privately debated the timing for a second phase of constitutional amendments, but urged Bosnian leaders to adopt the April package immediately. Although a Post-PIC police reform meeting was hampered by poor attendance of Bosnian political parties, PIC directors unanimously impressed upon Bosnian leaders the need to enact police reform in line with the three EC principles. DAS DiCarlo and several other Political directors urged increased cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY). OHR informed PIC directors that plans for a June 2007 closure were on track, but a number of PIC members and the OHR High Representative expressed concern that circumstances in BiH and the region would force a delay. PIC members agreed a thorough review of the situation would be necessary to guide the February decision. OHR updated the PIC on key steps still needed regarding Brcko, Mostar, and financial reform. Bosnian leaders presented their parties, views on government formation, police reform, and the April constitutional reform package. End Summary

Defense Reform still vital after PFP Membership  
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[1](#)2. (C) PIC Political Directors used their December 6-7 meeting to press Bosnian political leaders to continue with defense reform efforts. EUR DAS Rosemary DiCarlo hailed Bosnia's recent invitation to join Partnership for Peace (PFP) as recognition of the success of defense reform and NATO's confidence in Bosnia as a partner and future full member of the alliance. However, she impressed upon Bosnian leaders the need to move ahead with several crucial but lagging elements of defense reform implementation. OHR also underscored to PIC Political Directors the need to counter the perception that the invitation to PFP membership meant that defense reform was complete in Bosnia, and urged all IC representatives to encourage Bosnian political leaders to

complete the process.

#### Constitutional Reform

13. (C) PIC Political Directors unanimously encouraged Bosnian political leaders to adopt the March package of Constitutional amendments without delay. DAS DiCarlo urged the quick adoption of the March package as a critical first step in an incremental process of modernizing Bosnia's constitution. Germany, France, United Kingdom, Netherlands, and Russia joined the U.S. call for Bosnian political leaders to move ahead in adopting the March package.

14. (C) During the closed session of the Steering Board meeting, High Representative Christian Schwarz-Schilling recommended initiating a dialogue on a further phase of reforms in January by establishing a constitutional reform secretariat to help promote widespread civil society participation. According to Schwarz-Schilling, this was important for bringing the Bosnian Croats around to supporting the process. Representatives from the European Commission and France agreed with OHR that public discussion on the second phase could begin before the adoption of the March package. DAS DiCarlo urged political directors to refrain from public preparations for a second phase, as to do so would effectively doom any prospect of passing the existing amendment package.

#### Police Reform Deadlock Endangers SAA

15. (C) Members of the PIC Steering Board made it clear to Bosnian political leaders that there would be no EU Stabilization and Association Agreement (SAA) until Bosnia concluded police reform in line with the three EC principles.

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The German delegation expressed hope that police reform could be concluded in time to sign the SAA during the upcoming German EU presidency, but put the responsibility of to do so upon Bosnian political leaders. DAS DiCarlo reminded Bosnian leaders that the EU, like NATO, wants Bosnia as a member, but police reform is a prerequisite. Representatives from OHR, the EC, UK, Netherlands, Italy, and Japan also urged the Bosnian political leaders to not let disagreement over police reform delay the SAA. The Turkish Ambassador specifically warned against using external events in the region to block Bosnia's road to reform.

16. (C) OHR urged political leaders not to summarily dismiss the report of the Police Reform Directorate (PRD). Representatives of the Bosniak parties opted not to attend a police reform meeting on the heels of the PIC, claiming that additional political level talks on police reform would not be productive until the Police Reform Directorate finished its report later in December. Ambassador McElhaney urged the Serb and Croat leaders in attendance to come to compromise so that they could sign an SAA. Croat leaders professed their desire to be constructive in coming to an agreement. Serb leaders repeated accusations that the PRD was working in violation of the October 2005 agreement and that any PRD proposal completed without RS participation will not be considered. General Vincenzo Coppola, Head of the European Union Police Mission, reminded the leaders that the PRD report would be general in nature allowing room for adaptation during police reform implementation over the next few years. The leaders agreed to meet again after the PRD completed its report.

#### Increased ICTY Cooperation Needed

17. (C) Political Directors called upon Bosnian leaders to increase cooperation with the ICTY. DAS DiCarlo reminded the Bosnian political leaders that cooperation on war criminals

remained a requirement for Bosnia's Euro-Atlantic integration. Turkish and Dutch representatives singled out the RS for its lack of cooperation.

OHR Closure--Battle lines forming?  
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¶8. (C) OHR announced that plans for a June closure were on track and that Spain had volunteered to serve as OHR's 'interest representative', a necessary legal mechanism to protect former OHR officials after closure. Some unfinished initiatives such as on police reform would be transferred to the EUSR office for follow up. However, HiRep Schwarz-Schilling supported by several PIC members, notably Germany, France, Turkey and the Netherlands, expressed concern about the lack of progress on reform and the polarized political environment and the pending Kosovo status decision as worrying factors and that it was not a forgone conclusion that the PIC would decide to proceed with closure in February. The US, UK, Canada, and Russia agreed that a thorough assessment would be necessary on which to base the February decision, but stressed the need to publicly reiterate previous PIC statements in support of the existing timeline to avoid the false impression that a decision had been made to postpone.

Financial and Cultural Reforms  
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¶9. (C) Although OHR pointed out progress in some economic areas, most financial and cultural reform efforts stalled in ¶2006. Principal OHR Deputy High Representative Larry Butler praised Bosnia's successful implementation of Value Added Tax regime, but emphasized the need for a functional National Fiscal Council to coordinate budgetary expenditures. OHR lamented the stalled effort to reform public broadcasting due to a State level Constitutional Court case over the protection of Croat Vital National Interest. Similarly, education reform reached deadlock both at the policy and classroom levels. OHR, UK, OSCE, and Council of Europe urged the adoption of a state-level education framework law and supported holding a summit on education reform.

Brcko  
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¶10. (C) OHR Brcko Supervisor Raffi Gregorian briefed the PIC  
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on the challenges facing Brcko. After years of functioning as an independent political unit, there has been a political radicalization in the District in the aftermath of the post October 2006 elections and as the end of the supervisor regime draws near. He asked PIC political directors to strongly support the continuance of Brcko as a single multi-ethnic unit after OHR departs. Gregorian further invited PIC political directors and Ambassadors to attend a ceremony on March 8 to mark Brcko District Day and the 10th anniversary of the Supervisory regime. Gregorian highlighted the need to resolve the outstanding issue of VAT allocation to Brcko and for the passage of a State Law on the Brcko District that would regulate the relationship between the State Institutions and the District. Gregorian informed political directors that such a law must be adopted and actually functioning effectively before he will be able to recommend ending the Supervisor Regime in Brcko District.

Mostar  
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¶11. (C) Due to the lack of tangible progress in unifying the Mostar city administration, the High Representative appointed Norbert Winterstein as a special envoy to the city in October. The Special Envoy is still in the process of making recommendations on civil service appointments, and the unification of public utilities as the December 31 end of his

mandate approaches. On an outstanding telecom issue, Winterstein recommended that Mostar transfer the ownership of Hercegovine Radio and Television by March 31, 2007 or initiate bankruptcy procedures. Should Mostar city officials fail to adopt Winterstein's recommendations, the HR will consider going against "his practice of interfering" and using the Bonn Powers.

#### Bosnian Leaders on Government Formation and Reform Issues

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¶12. (SBU) Leaders of the most Bosnian political parties accepted OHR's invitation to attend the PIC meeting and presented their views on government formation and reform issues. SNSD President Milorad Dodik and PDP President Mladen Ivanic traded accusations with SDA Vice President Adnan Terzic and SBiH President Haris Silajdzic as to which political parties were blocking government formation. On Constitutional Reform, SDA, SNSD, HDZ-BiH, PDP leaders declared their support for the March package of Constitutional Amendments with Terzic declaring that his party will give all nine of its votes to the package if reintroduced. Silajdzic spoke out strongly against the constitutional reform package, declaring that retaining the practice of entity voting was paramount to voting yes to genocide and ethnic cleansing and that SBiH will oppose any reform package that maintains this provision. SBIH and HDZ-1990 both urged PIC leaders to extend OHR with Bonn powers, which is necessary to overcome dysfunctionality with Bosnian structures and complete Dayton implementation.

MCELHANEY